

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) As per the existing provision of General Financial Rules, 1963, a Head of Office is already empowered to sanction interest free advance of Rs. 2500/- to non-gazetted Government servant whose property, moveable or immovable has been substantially affected or damaged in an area affected by natural calamity. This is admissible to Central Government employees over and above whatever relief to cyclone affected people is announced by the concerned State Government.

Interest Rates on HBA

2056. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to reduce the interest rates charged on House Building Advance in view of overall reduction in lending interest rates by Banks and the Financial Institutions engaged in lending money for the house building purpose;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASHEB VIKHE PATIL): (a) to (c) The rates of interest on House Building Advance were recently revised in 1997 and these

rates are already subsidized rates. There is no proposal under consideration of Government to reduce the rates of interest on House Building Advance to Government servants.

Ceiling of Income Tax relief on repayment of HBA

2057. SHRI GHUFRAN AZAM: Will the Minister of FINANCE be pleased to state:

(a) whether in view of the high cost of flats/houses etc. Government propose to enhance the limit of Rs. 10.000/- on repayment of House Building Advance in a financial year for income-Tax purpose;

(b) if so, the details thereof; and

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The Reserve Bank of India (RBI) has not set up any such panel. However, Government of India had appointed a Task Force on Non-Banking Financial Companies (NBFCs) in August, 1998. The Task Force submitted its report in October, 1998.

(b) The major recommendation of the Task Force include a (i) higher entry level Net Owned Fund; (ii) higher capital to Risk Asset Ratio for NBFCs seeking public deposit; (iii) ceiling on exposure to real estate and unquoted investment; (iv) disclosure in application form and advertisements for public deposits; (v) norms for exposures to connected companies to be tightened; (vi) setting up of a Depositor's Grievance Redressal Authority; (vii) publicity campaign for depositors' awareness; (viii) easing flow of credit from banks to NBFCs; (ix) State Governments to be kept informed of companies registered/rejected; (x) unauthorized deposit taking by NBFC be made a cognizable offence etc. '

RBI issued comprehensive Directions in December, 1998 to implement a number of recommendations of Task Force. The minimum entry level Net Owned Fund has been increased from Rs. 25 lakhs to Rs. 200 lakhs with effect from 21.4.1999. State Government have been provided with the list of all the approved and rejected NBFCs. The ceiling on banks lending to NBFCs registered with Reserve Bank has been removed in May, 1999. RBI has started publicity campaign on January 29, 1999. A new Act for NBFC is being drafted to implement the recommendations of Task Force requiring statutory changes.

(c) No, Sir. Plantation company Schemes are collective investment schemes regulated by SEBI.

Report of the Panel Set up by RBI for Controlling NBFCs Question

2058. SHRI C. RAMACHANDRAIAH:

SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether a panel set up by the Reserve Bank of India to form guidelines for effectively controlling the activities of the Non-Banking Financial Companies and Residuary Non-Banking Companies has since submitted its reports;

(b) if so, the details thereof and the action taken by Government thereon; and